

MINUTES OF THE SAN JOSÉ FINANCING AUTHORITY

SAN JOSÉ, CALIFORNIA

TUESDAY, NOVEMBER 9, 2004

The Council of the City of San José convened in joint session at 4:17 p.m. with the San José Financing Authority, in City Council Chambers at City Hall.

Present: Council Members - Campos, Chavez, Chirco, Cortese, Dando, Gregory, LeZotte, Reed, Williams, Yeager; Gonzales.

Absent: Council Members - None.

- 2 (a) **Conduct a Public Hearing of the City Council concerning the approval of the financing by the City of San Jose Financing Authority's issuance of commercial paper and/or lease revenue bonds in order to finance certain public capital improvements of the City, consisting of computer software, software licensing, hardware and certain related costs related to the City's billing systems (CUSP Project).**
- (b) **Adoption of a resolution of the City Council approving the issuance of commercial paper notes pursuant to the previously established commercial paper program designated as "*City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes*" in the not to exceed amount of \$98 million, and determining that there will be significant public benefits accruing from such financing.**
- (c) **Adoption of a resolution of the City of San José Financing Authority authorizing the issuance of City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes for the additional purposes of computer software, software licensing, hardware and certain related costs related to the City's billing systems (CUSP Project).**

(Finance)

(Rules Committee referral 11/3/04)

Documents Filed: (1) Memorandum from Director of Finance Scott Johnson, dated November 3, 2004, recommending the holding a Public Hearing, and adoption of resolutions. (2) Revised Proof of Publication of Notice of Public Hearing, executed on November 4, 2004, submitted by the City Clerk. (3) Slide presentation of the City of San José Financing Authority Paper Program and Public Hearing, dated November 9, 2004.

Mayor Gonzales opened the Public Hearing. Director of Finance Scott Johnson presented an overview of the City of San José Financing Authority Commercial Paper Program. There were no public comments. Mayor Gonzales closed the Public Hearing.

2 (Cont'd.)

Discussion: Mayor Gonzales expressed concern about the possible conflict of interest in regard to Blue Heron Consulting and BearingPoint, Inc., and requested that Staff return with more information.

Action: Upon motion by Council Member Williams, seconded by Council Member Reed, and carried unanimously, Resolution No. 72409, entitled: "A Resolution of the Council of the City of San José Approving the Issuance of Commercial Paper Notes Pursuant to the Previously Established Commercial Paper Program Designated a "City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes" in the Not To Exceed Amount of \$98 Million, and Determining that there will be Significant Public Benefits Accruing from Such Financing", and Resolution No. SJFA-65, entitled: "A Resolution of the Council of the City of San José Authorizing the Issuance of City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes for the Additional Purposes of Computer Software, Software Licensing, Hardware and Certain Costs Related to the City's Billing Systems (CUSP Project)", were adopted. (11-0).

- 3
- (a) **Adoption of a resolution by City Council authorizing the City Manager to negotiate and execute a contract from November 10, 2004 to June 30, 2005 in an amount not to exceed \$440,220 with BearingPoint, Inc. to participate in Stage 1 of the CUSP Project, which includes a comprehensive business process gap fit readiness analysis related to the ultimate installation and implementation of CUSP.**
 - (b) **Adoption of a resolution by City Council authorizing the City Manager to negotiate and execute a Customer Information System (CIS) consultant services contract from November 10, 2004 to June 30, 2005 in an amount not to exceed \$325,700 with Blue Heron Consulting to assist City staff with Stage 1 of the CUSP Project, which includes providing the City with an independent, third party overview and analysis of a comprehensive business process gap fit readiness analysis and contract negotiations related to the City's development of the BearingPoint contract scope of services for Stage 2 of the CUSP Project.**
 - (c) **Adoption of the following appropriation ordinance and funding sources resolution amendments by City Council to:**
 - (1) **Increase the estimate for Earned Revenue in the Integrated Waste Management Fund by \$4,389,242.**
 - (2) **Establish a CUSP Project appropriation to the Finance Department in the Integrated Waste Management Fund in the amount of \$4,389,242.**

CEQA: Not a Project. (Finance/City Manager's Office)
(Deferred from 10/5/04 et al and 11/2/04 – Item 3.6)
This Item was renumbered from 3.8, San José City Council Agenda.

Documents Filed: Memorandum from Director of Finance Scott Johnson, and Budget Director Larry Lisenbee, dated November 3, 2004, recommending adoption of the resolutions, and appropriation ordinance and funding sources resolution.

3 (Cont'd.)

Discussion: Council questions followed, see direction to Staff as noted in “Action”.

Action: Upon motion by Council Member Williams, seconded by Council Member Reed, and carried unanimously, this item was deferred with Staff was directed to have further discussions with the vendor regarding liability issues and return to Council with a matrix of risks and responsibilities. (11-0).

ADJOURNMENT

The Joint City Council/San José Financing Authority meeting was adjourned at 4:59 p.m.

RON GONZALES, MAYOR

ATTEST:

LEE PRICE, CMC, CITY CLERK

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